

Eurex Clearing AG
ECAG Rule Certification 038-19
April 9, 2019

1. The text of the proposed amendments to the FCM Regulations (“FCM Regulations”) of Eurex Clearing AG (“Eurex Clearing”) is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation is May 2, 2019.
3. Attached please find a certification that: (1) these amendments comply with the Commodity Exchange Act (the “Act”), and the Commission’s regulations thereunder; and (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE PROPOSED RULE AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

Eurex Clearing is proposing amendments to the FCM Regulations to introduce functionality to facilitate the clearing of bunched orders with respect to OTC Interest Rate Derivative (“IRD”) transactions for FCM Clearing Members under the FCM Regulations. Previously, in Eurex Clearing Circular 013/19 and related ECAG rule certification 013/19 submitted under CFTC Regulation 40.6, Eurex Clearing announced this functionality under the EMIR framework. The proposed amendments in this rule certification mirror that existing offering and provides this offering to FCM Clearing Members under the FCM Regulations. Specifically, a dedicated suspense account with respective transaction pricing will be used per the Pre-Allocation Executing Party. All existing bunched order allocation methods will be allowed, i.e., allocation via a third party as well as allocation via post-trade events. Please see Eurex Clearing Circular 013/19 and ECAG rule certification 013/19 for further information.

In terms of collateralization, the FCM Buffer will be used intraday to cover received bunched orders. If, at the end of the day, the bunched order or a certain part of it remains on the suspense account, the Legally Segregated Value (“LSV”) requirement will be calculated for the relevant suspense account leading to regular client account treatment. In such a case, the suspense account needs to be indicated in a Collateral Value Report (“CVR”) in the context of LSOC with Excess.

In addition, having now gone live with the LSOC model, Eurex Clearing is proposing the following clarifying amendments to the FCM Regulations:

- Clarifying that FCM Clearing Members have the right to grant access to certain client reports to their FCM Clients;
- Clarifying that Eurex Clearing has flexibility when accepting CVRs (this does not affect the key principles which are stated in the FCM Regulations and which need to be fulfilled when accepting a CVR);
- Amending the provisions on the issuance of intraday margin calls to better reflect the processes in place;
- Amending Eurex Clearing's appropriation right to align the FCM Regulations with the Clearing Conditions;
- Amendments to provide, in case a FCM Clearing Membership is terminated, for the calculation of a separate Difference Claim with respect to each Netting Set considering all Unpaid Amounts; and
- Clarifying the liability clause with regard to the indemnification against a breach of the FCM Clearing Conditions.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in Eurex Clearing Circular 038-19, which is appended as Attachment A.

Eurex Clearing has identified the following derivatives clearing organization (“DCO”) Core Principle as potentially being relevant to the above amendments:

1. DCO Core Principle C (Participant and Product Eligibility): The proposed amendments will comply with DCO Core Principle C because the amendments provide for a new functionality for bunched orders, and all functionalities cleared via Eurex Clearing’s DCO license and reports provided will continue to comply with this Core Principle.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7
U.S.C. §7a-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6

I hereby certify that:

- (1) the amendments comply with the Commodity Exchange Act, and the Commission's regulations thereunder; and
- (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.



By: Eric Seinsheimer

Title: US Compliance Officer, Eurex Clearing AG

Dated: April 9, 2019